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MediPharm Labs Signs \$35 Million Private Label Cannabis Oil Sale Agreement with Option for Additional \$13.5 Million

TORONTO, Feb. 12, 2019 (GLOBE NEWSWIRE) -- MediPharm Labs Corp. (TSXV: LABS) (OTCQB: MLCPF) ("MediPharm") a leader in specialized, research-driven cannabis extraction and cannabinoid isolation, is pleased to announce that its wholly-owned subsidiary, MediPharm Labs Inc. ("MediPharm Labs" or the "Company"), has entered into a significant sales agreement with a leading Licensed Producer to supply approximately \$35 million of private label purified cannabis oil concentrates. Under the terms of the agreement, the Licensed Producer will immediately purchase upfront \$7.66 million of cannabis oil concentrate from MediPharm Labs' inventory in February 2019. In addition, the Licensed Producer will purchase a minimum of \$27 million of cannabis oil concentrate over a 12-month period commencing March 2019, with an option to purchase an additional \$13.5 million over the same period, bringing the total potential aggregate value of the agreement to over \$48 million to February 2020.

MediPharm Labs' private label program is a high margin business for the Company, whereby it opportunistically procures dry cannabis flower and trim from its thirteen product supply partners, to produce proprietary cannabis oil concentrate products for resale globally on a private label basis. This is MediPharm Labs' fourth private label sales agreement to date. In total, these four agreements have aggregate potential value of over \$85 million in the 15-month period that commenced December 2018.

"As the cannabis industry continues to rapidly grow and evolve, MediPharm Labs has quickly established itself as a dominant player and leading provider of private label cannabis oil concentrates to other Licensed Producers and branded product manufacturers. We have also demonstrated the permanent need for a specialized extraction provider to fulfill and secure the cannabis supply chain for medical and recreational consumers," said Pat McCutcheon, CEO of MediPharm Labs. "With our significant first mover advantage, deep expertise, leading-edge proprietary technology to manufacture and develop high-quality cannabis oil and concentrate products at commercial scale, we have quickly been able to execute several major contracts already and continue to see robust demand for our specialized products and services and are well positioned to achieve strong revenue growth as a dominant extraction company in the cannabis industry."

As an agnostic supplier of pharmaceutical grade cannabis oil concentrates to the global cannabis industry, MediPharm Labs has demonstrated its ability to strengthen and further secure the domestic supply chain for high-demand cannabis oil. This new supply agreement,

combined with a large, long-term oil supply agreement previously announced with Canopy Growth Corporation, represents less than 10% of MediPharm Labs' annual extraction capacity of 150,000 Kg, which is currently being expanded to 250,000 Kg of annual extraction capacity, with completion expected Q2 2019.

To date, MediPharm Labs has completed four private label wholesale agreements for cannabis oil concentrate supply (including Canopy Growth Corporation); five long-term cannabis concentrate program (tolling) agreements with James E. Wagner Cultivation Corp., Emerald Health Therapeutics, Inc., INDIVA Limited, The Supreme Cannabis Company, Inc. and TerrAscend Corp. Additionally, the Company has completed bulk purchases and/or off-take agreements with thirteen Licensed Producers securing dried cannabis supply to build MediPharm's oil inventories for private label sale. The Company also continues to make progress on new partnership agreements with additional Licensed Producers and branded product manufacturers for cannabis private label manufacturing, as well as partnerships to purchase cannabis concentrates for global export for private label and research and development.

About MediPharm Labs Corp.

Founded in 2015, MediPharm Labs is a pioneer in the cannabis industry and has the distinction of being the first company in Canada to become a licensed producer for cannabis oil production under the *Access to Cannabis for Medical Purposes Regulations* (ACMPR) without first receiving a cannabis cultivation licence. This expert focus on cannabis concentrates from its cGMP (current Good Manufacturing Practices) and ISO standard-built clean rooms and critical environments laboratory, allows MediPharm Labs to work with its established, Health Canada-approved cultivation partners to produce pharmaceutical-grade cannabis oil with a competitive advantage. MediPharm Labs is research-driven and focused on downstream secondary extraction methodology, distillation, and cannabinoid isolation and purification. MediPharm Labs provides B2B contract processing of cannabis to Canadian authorized licensed producers and appropriate international growers, supplying integrity-assured cannabis oil to qualified companies for sale under their own brand. In addition, MediPharm Labs will supply raw materials, formulations, processing and packaging for the creation of ready-to-sell advanced derivative products. MediPharm Labs was awarded **Start-up of the Year** at the recent Canadian Cannabis Awards hosted by Lift & Co.

Through its subsidiary, MediPharm Labs Australia Pty. Ltd., MediPharm has also completed its application process with the federal Office of Drug Control to extract and import medical cannabis products in Australia.

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This news release contains “forward-looking information” and “forward-looking statements” (collectively, “forward-looking statements”) within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements relate to, among other things, strong revenue growth, future capacity expansion, expected GMP certification and the establishment of operations in Australia. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; the inability of MediPharm to obtain adequate financing; and the delay or failure to receive regulatory approvals. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release. Except as required by law, MediPharm assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change.



Source: MediPharm Labs Corp.